

*The following Code does not display images or complicated formatting. Codes should be viewed online. This tool is only meant for editing.*

## Article VIII Financial Procedures

### SECTION 801 **Fiscal year.**

The fiscal year of the City shall be the calendar year. If not prohibited by law, the Council may, by ordinance, adopt a different fiscal year, specifying an orderly procedure for financial and budgetary controls in making such transition.

### SECTION 802 **Submission of balanced budget and capital program.** [Amended 11-5-2019 (6-20-2019 by Ord. No. 15543)]

On or before 90 days prior to the ensuing fiscal year, the Department Heads will submit Proposed Budget and Capital Program to the Mayor. On or before 75 days prior to the ensuing fiscal year, the Mayor will submit to the City Council a balanced budget, Capital Program and an accompanying message. The Proposed Balanced Budget and Capital Program shall be in such form as the Mayor deems desirable, unless otherwise required by Council.

### SECTION 803 **Budget message.**

The Budget shall be accompanied by a message which shall include:

- A. An explanation of the expenditures and revenues in the proposed budget, indicating and explaining major changes from the current year and the prior year.
- B. An outline of proposed programs and an explanation of new, expanded or abolished programs or functions.
- C. A summary of the City's debt position.
- D. Such other material, as required by Council that will inform the Council and the public of municipal goals.

### SECTION 804 **Budget.**

The budget shall provide a complete financial plan of all City funds and activities for the ensuing fiscal year in accordance with all Generally Accepted Accounting Principles and, except as required by this Charter, shall be in such form as the Mayor deems desirable or the Council may require. In organizing the budget, the Mayor shall utilize the most feasible combination of expenditure classification by fund, organization unit, program, purpose or activity, and object. The Budget shall contain, among other things, the following:

- A. It shall begin with a general summary of its contents.
- B. It shall show, in detail, all estimated income, indicating the existing and proposed tax levies, as well as other assessments, fees and charges.
- C. It shall show all proposed expenditures, including debt service, for the ensuing fiscal year.
- D. It shall show the number of proposed employees in every job classification.
- E. It shall be so arranged as to show comparative figures for actual and estimated income and expenditures for the current fiscal year and actual income and expenditures of the preceding four fiscal years.
- F. It shall indicate proposed expenditures during the ensuing fiscal year, detailed by offices, departments

and agencies, in terms of their respective work programs and the methods of financing such expenditures.

- G. It shall indicate proposed capital expenditures during the ensuing fiscal year, detailed by office, departments and agencies when practicable, and the proposed method of financing each such capital expenditure. The Mayor will include this separate Capital Program section in the annual Budget and submit to Council with appropriate supporting information as to the necessity for such programs.
- H. It shall indicate anticipated net surplus or deficit for the ensuing fiscal year of each utility, i.e., water, sewer and enterprise funds, owned or operated by the City and the proposed method of its disposition; subsidiary budgets for each such utility giving detailed income and expenditure information shall be attached as appendices to the budget.

The total of proposed expenditures shall not exceed the total of estimated income.

#### **SECTION 805 City Council action on budget.**

- A. Public access to budget. The proposed budget shall be available for public inspection at City Hall and at the Allentown Public Library and the Lehigh County Law Library, and copies shall be available for the public at a reasonable fee to be set by the Council. [**Amended 11-6-2001**]
- B. Amendment before adoption. After the public hearing, the City Council may adopt the budget with or without amendments. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for an estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than total estimated income and thereby allowing for line item changes by the City Council.

If the amended Budget increases, decreases or readjusts funding requirements by more than 5%, or adds or deletes a program, the Budget shall be returned to the Mayor immediately for comment and resubmission to the Council within three normal City work days.

Council shall provide for another public hearing to be held within five days after the Mayor has resubmitted the Budget.

- C. Adoption. Council and the Administration must adopt an annual budget by no later than December 31st of the fiscal year currently ending. See this Charter, Sections 219 and 221 for discussion of effective dates. [**Amended 11-5-2019 (6-20-2019 by Ord. No. 15544)**]

#### **SECTION 806 (Reserved)**

#### **SECTION 807 Revenue.**

- A. Council shall establish no new tax except for the Emergency and Municipal Service Tax. [**Amended 5-16-2006 (2-2-2006 by Ord. No. 14356)**]
- B. Council shall not raise the rates of the deed transfer, earned income, business privilege, the Emergency and Municipal Services Tax beyond \$52, amusement devices, and resident taxes above their respective 1996 levels. [**Amended 5-16-2006**]
- C. Property Development Incentive Taxation System.
  - (1) Beginning in 1997, the City of Allentown will adopt a property taxation system designed to encourage development of new properties and improvements to existing properties. The system will accomplish this by gradually reducing the tax rate applied to all buildings relative to the tax rate applied to all land (whether developed or undeveloped).

- (2) The following shall be the minimum ratios of the land tax rate to the building rate for the respective years:

1997	1.49
1998	2.06
1999	2.76
2000	3.62
2001 and beyond	4.70

- (3) Council may establish a ratio of the land tax rate to the building tax rate higher than 4.70 after 2001.
- D. Council may reduce any tax rate or fee (provided it maintains the minimum ratios for property taxes as in Section 807(C)(2)) by a majority vote. Council may increase property tax rates or fees (provided it maintains the minimum ratios for property taxes as in Section 807(C)(2)) by four votes. [**Amended 5-18-1999; 11-5-2019 (6-20-2019 by Ord. No. 15544)**]
- E. The citizens of Allentown may increase or decrease property tax rates through the referendum process defined in Sections 1002-1009 (provided that, as long as the Property Development Incentive Taxation System is in effect, the resulting ratio meets or exceeds the minimum ratio set by this Charter or by Council).
- F. After the year 2001, the citizens of Allentown may amend or terminate the Property Development Incentive Taxation System by reducing the ratio of the land tax rate to the building tax rate or by reverting to a single tax rate for land and buildings through the referendum process defined in Sections 1002-1009.

#### **SECTION 808 Amendments after adoption.**

- A. Emergency appropriations may be made by the Council to meet a public emergency posing a sudden, clear and present danger to life or property. Such appropriations may be made by emergency ordinance in accordance with the provisions of Section 220 of this Charter.
- B. Supplemental appropriations may be made by the Council by ordinance upon certification by the Mayor that there are available for appropriation revenues in excess of those estimated in the Budget.
- C. Transfer of appropriations may be made in accordance with provisions of the Administrative Code.

#### **SECTION 809 Lapse of appropriations.**

Every appropriation, except an appropriation for a Capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered.

#### **SECTION 810 Administration of the budget and capital plan.**

The Mayor shall be responsible for and shall supervise the administration of the Annual and Capital Budgets.

#### **SECTION 811 Capital plan.**

- A. Submission to City Council. The Mayor shall prepare and submit to the City Council a five year capital program no later than the final date for submission of the budget.
- B. Contents of capital plan. The capital plan shall include:

- (1) A clear general summary of its contents;
- (2) A list of all capital improvements and other capital expenditures which are proposed to be undertaken during the five fiscal years next ensuing, with appropriate supporting information as to the necessity for each;
- (3) Cost estimates and recommended time schedules for each improvements or other capital expenditure;
- (4) Method of financing, upon which each capital expenditure is to be reliant;
- (5) The estimated annual cost of operating and maintaining the facilities to be constructed or acquired; and
- (6) All Capital Projects must be included in the Capital Plan Budget.

The above shall be revised and extended each year with regard to capital improvements still pending or in the process of construction or acquisition.

- C. Financing capital projects. Financing for Capital Projects shall be obtained by Competitive Bidding.
- D. Capital projects approved. Proposed Capital Projects in the Capital Plan must be considered on their own individual merits by the Director of Finance, the City Controller, and the Proposer of the project. The procedures to approve the individual Capital Projects are:

- (1) Preliminary feasibility study.

The Capital Project preliminary feasibility study shall include:

- (a) A clear general summary of its purpose and justification.
- (b) The cost estimates and time schedule for the Capital Project including the cost of the Post Project Completion Audit.
- (c) The method of financing and sources upon which this Capital Project is reliant.
- (d) The annual cost of operating and maintaining the project to be constructed or acquired.

The Council approval of Capital Projects in this preliminary feasibility study will require a simple majority vote in order to move on to a final approval and funding acceptance.

- (2) Final proposal and financing.

The Final Capital Project proposal and financing shall include:

- (a) A clear general summary of its purpose and justification.

- (b) The cost estimates and time schedule for the Capital Project including the cost of the Post Project Completion Audit.
  - (c) The method of financing and sources upon which this Capital Project is reliant.
  - (d) The annual cost of operating and maintaining the project to be constructed or acquired.
  - (e) This final Capital Project Proposal will be published and made available for the public to review. Capital Project replaces Capital Program. The final Council approval of Capital Projects will require five votes to approve.
- (3) Capital project reporting.
- (a) Current projects. All Capital Projects in process must be reported on a quarterly basis and provide an update on cost, completion date, and estimated revised operating costs. This information is to be supplied by the Director of Finance and the Project Manager to the City Council in such a form that it is available to the public.
  - (b) Extended projects. If commencement of a Capital Project does not begin by end of the fiscal year, following the year in which final approval is obtained, the project must go through Section 811(D)(1) and (2).
  - (4) Post project completion audit. Following completion of the Capital project, a complete and detailed audit must be published and made available to the public. This Post Audit is to be completed by an independent auditor appointed by the Council. The purpose of the Post Audit is to confirm the estimates of costs and explain any deviation between actual and estimated costs.

#### **SECTION 812 City Council action on capital plan.**

- A. Public access to capital plan. The proposed Capital Plan shall be available for public inspection at City Hall and copies shall be available for the public at a reasonable fee to be set by the Council. [**Amended 11-6-2001**]
- B. Adoption. Council must adopt an annual Capital Plan, with or without amendment, no later than December 15th of the fiscal year, currently ending. If Council fails to adopt a Capital Plan by December 15th then the Mayor's original Capital Plan shall become the official Capital Plan of the City for the ensuing fiscal year.

#### **SECTION 813 Public records.**

Copies of the budget, capital plan and appropriation and revenue ordinances shall be public records and shall be made available to the public at City Hall and at the Allentown Public Library.

#### **SECTION 814 Independent audit.**

The Council shall provide for an annual independent audit to be completed and submitted to the Mayor within 180 days of the close of the fiscal year. It shall include City receipts, expenditures, accounts and reports by a Pennsylvania Certified Public Accountant or a Certified Public Accounting firm, experienced in municipal finance, having no personal interest, direct or indirect, in the fiscal affairs of the City or any of its elected or appointed personnel. The Council may provide for more frequent audits at its discretion. Within 30 days of completion, the Mayor shall present to the Council, the results of the annual audit and a financial statement of the fiscal affairs of the City, with the results of the independent auditor's survey of internal control and any recommendations thereon. The evaluation of the internal control shall take the form of a Management Letter. This Management Letter shall be submitted to the City Council after every audit. A summary of the annual audit of the independent auditor shall be published at least once in one or more newspapers of general circulation in the City within 30 days after submission to the Mayor. The annual audit shall be conducted in accordance with generally accepted auditing standards. The financial report shall be

prepared in accordance with generally accepted accounting principles, and shall include a balance sheet for each fund, and on a consolidated fund basis reflecting all current assets, current liabilities and fund balances. The Council shall designate such accountant or firm annually or for a period not exceeding three years. Such accountant or firm shall not serve for more than six consecutive years.

**SECTION 815 Bidding process.**

**[Amended 5-20-1997; 11-4-1997]**

- A. Competition principle. All purchases of materials, supplies, equipment and services by the City government shall be made through competitive processes, with evidence available to demonstrate broad solicitation of suppliers and opportunities for participation in the acquisition process; and the value received for the money paid.
- B. Competitive Policies Code. Consistent with applicable Federal and State laws, the Council shall adopt and may amend, by Ordinance, a Code for the establishment, regulation, and maintenance of a competition system, governing the policies necessary to effectively administer a system of competitive purchasing for the City government. This code may include but is not limited to: 1) establishing varied procedures for types of services or materials to be acquired; 2) setting the dollar limits which would require: a) verbal solicitation of price quotes with a written record; b) written price quotes after informal solicitation; and c) formal public solicitation of written price quotes after public advertising; 3) establishing procedures for determining sole source contract awards; 4) policies regarding minority or local resident preference; and 5) policies and procedures to encourage the use of contemporary purchasing techniques such as reverse auctioning and electronic commerce. **[Amended 11-4-2008 (7-17-2008 by Ord. No. 14601)]**